

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ROSE WYCOMBE CORPORATION
COMPLAINANT
VS.
WEST OLDHAM UTILITIES, INC.
DEFENDANT

CASE NO. 92-443

ORDER TO SATISFY OR ANSWER

West Oldham Utilities, Inc. ("West Oldham") is hereby notified that it has been named as defendant in a formal complaint filed on October 20, 1992, a copy of which is attached hereto.

Pursuant to 807 KAR 5:001, Section 12, West Oldham is HEREBY ORDERED to satisfy the matters complained of or file a written answer to the complaint within 10 days from the date of service of this Order.


Should documents of any kind be filed with the Commission in the course of this proceeding, the documents shall also be served on all parties of record.

Done at Frankfort, Kentucky, this 28th day of October, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

ROSE WYCOMBE CORPORATION
6604 Gunpowder Lane
Prospect, Kentucky 40059

Complainant

v.

WEST OLDHAM UTILITIES, Inc.
905 DuPont Road
Louisville, Kentucky 40207

Respondent

CASE NO. 92- 443

FORMAL COMPLAINT

* * * * *

Pursuant to KRS 278.260(1) and 807 KAR 5:001§2, Complainant ROSE WYCOMBE CORPORATION ("RWC") respectfully represents to the PUBLIC SERVICE COMMISSION OF KENTUCKY ("Commission") that a utility subject to the jurisdiction of the Commission, namely, WEST OLDHAM UTILITIES, Inc. ("WOU") has responded and is responding to RWC's application for water service in an unreasonable, insufficient and unjustly discriminatory manner, in violation of WOU's obligation under KRS 278.030(2) to furnish reasonable service to the public and to establish reasonable rules under which it shall be required to render service.

A further statement of the grounds for RWC's Complaint is as follows:

1. RWC is a Kentucky corporation organized under Chapter 273 KRS as a non-stock, non-profit corporation whose membership is limited to property owners in the Rose Wycombe Subdivision near Prospect, in Oldham County, Kentucky. The principal purpose of RWC is to provide water and other utility services to its members. Pursuant to a determination made by the Commission on July 20, 1992, RWC, as a homeowners association, is not a utility within the meaning of KRS 278.010(f) because it will not operate a water distribution system "for the public" or "for compensation." (A copy of the Commission's letter evidencing said determination is attached hereto as Exhibit "A;" the documents submitted to the RWC in support of the application for Commission approval are incorporated herein by reference.)

2. WOU is a "utility" as defined in KRS 278.010(3)(d). As such, WOU is subject to the jurisdiction of the Commission and is required to furnish water service to the public in accordance with KRS 278.030, in accordance with other sections of Chapter 278, KRS and in accordance with the Commission's regulations.

3. WOU is the only water distribution utility from which RWC can obtain service.

4. RWC was incorporated in September, 1991 and adopted Bylaws on October 11, 1991 (said Bylaws are attached to Exhibit "E"), RWC authorized its officers to apply to WOU for

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water service. Negotiations therefor began before RWC was incorporated and have gone on for more than 15 months, as evidenced, in part, by:

• (a) On October 21, 1991, RWC and WOU
• reached a general agreement with respect to RWC's application. A "Memorandum of Understanding," that set forth "non-binding guidelines for provision of water service to RWC" was signed by the Presidents of WOU and RWC in the presence of their counsel (Exhibit "B" hereto).

(b) In a letter dated December 19, 1991 (Exhibit "C"), WOU, by and through its counsel, imposed conditions on RWC's application that went beyond those generally described in the "Memorandum of Understanding" and those proposed by RWC. RWC agreed to some of WOU's additional conditions promptly, including the concept that "WOU['s] responsibility should end at the takepoint meter." Later, RWC agreed to the rest of the conditions.

(c) WOU required that RWC, at its expense, acquire, install and maintain two meters at the proposed takepoint where RWC

--

will take water from WOU; RWC will then distribute water to the residences of its members. A 1 1/2" meter is to be used for day-to-day delivery of water. In addition, a 4" meter, of "industrial" capacity, is to be installed. The 4" meter will seldom, if ever, be used; its purpose is to measure and permit water flows in extraordinary situations, such as fires or line breaks.

(d) As it had agreed with WOU to do, RWC, at its expense, drew up a proposal for the construction of a private water distribution system, caused an engineering plan and survey to be prepared, negotiated with an intervening landowner for a right-of-way and submitted detailed requests for approval to the Kentucky Division of Water and the Louisville Water Company. Approvals were obtained, and on July 13, 1992; the documentation mentioned herein was submitted to the Commission for its approval. The Commission's response is evidenced by Exhibit "A" hereto.

(e) After the Commission had issued its letter, on August 4, 1992, counsel for RWC informed counsel for WOU that all

reviews and approvals had been accomplished, and, in order to finalize RWC's application for service, RWC, by counsel, submitted to WOU a draft contract that contained the terms and conditions required by WOU, as set out in its counsel's letter of December 19, 1991 (Exhibit "C" supra).

(f) On August 26, 1992, WOU, by counsel, rejected RWC's draft, in part, and submitted to RWC a draft of a "Water Supply Contract" that contained many additional terms and conditions. (Exhibit "D") By letter, (Exhibit "D-1") counsel for WOU indicated that his draft contract had not yet been reviewed by his client.

(g) On September 1, 1992, WOU, by counsel, wrote that additional changes would have to be made in the "Water Supply Contract."

(h) Following September 1, 1992, RWC and WOU disagreed respecting the interpretation and application of WOU's tariff. RWC contended that it should only be required to pay the minimum bill

specified in the tariff for a 1 1/2" meter, plus the tariff rate for water used in excess of allowable usage. WOU contended that in addition to the minimum bill for the 1 1/2" meter, RWC should also pay the minimum bill for the 4" meter of industrial capacity. RWC objected to paying a minimum bill requiring RWC "to take or pay" for 130,000 gallons per month - a volume that would be achieved only if a disaster occurred; moreover, the 4" meter will seldom, if ever, be used. Later, in lieu of a minimum bill for the 4" meter, WOU, by counsel, proposed that RWC pay a \$50 monthly demand charge for the 4" meter.

(1) The membership of RWC was called and a special meeting was conducted to consider the "Water Supply Contract" as drafted by WOU and the \$50 per month demand charge as proposed by WOU. The contract and the proposal were accepted by RWC's membership. On September 30, 1992, RWC, by counsel, copied the "Water Supply Contract" as drafted by WOU, including the additional changes WOU had made therein on September 1, 1992, and attached all the exhibits that

WOU required. (Said redrafted "Water Supply Contract" with attachments is Exhibit "E" hereto). In addition, RWC, by counsel, informed WOU that RWC's membership had agreed to pay the additional \$50 per month demand charge for the 4" meter. RWC requested that the contract be promptly executed by WOU so that a joint application for approval could be submitted to the Commission, pursuant to 807 KAR 5:011§13.

(j) RWC's Counsel's letter (Exhibit "F") included the following: "I hope we are now in a position to put an end to negotiations that have gone on for more than a year...Now that Fall is upon us, we would like to move swiftly before the onset of another Winter...Please let us hear from you at your earliest convenience." (emphasis in original)

(k) As of the date this Complaint is filed, WOU has refused to return a signed copy of the "Water Supply Contract," drafted by its counsel.

5. On or about October 9, 1992, the President of WOU informed the President of RWC of WOU's intent to make further

changes in the "Water Supply Contract," as drafted by WOU's counsel and as accepted by RWC's membership. In a letter to RWC, a copy of which was sent to the Commission on October 16, 1992, WOU's counsel enumerated additional conditions to WOU's acceptance of RWC's application. Among other things, WOU is now demanding the right to dictate or veto RWC's Bylaws.

6. RWC charges that WOU has acted and is acting in bad faith, and in violation of its obligations to furnish reasonable service as specified in KRS 278.030(2), and as required by regulations of the Commission, including the "Customer Bill of Rights," made a part of 807 KAR 5:006. Throughout the above-mentioned negotiations, WOU has operated on the erroneous assumption that there is no difference between a public utility and an ordinary, unregulated business; that, despite its status as a public utility, WOU may refuse to contract with an applicant until and unless all the terms of the application are acceptable to WOU - without regard to whether the imposed terms and conditions are reasonable. WOU has abused and is abusing its monopoly power, and is usurping the Commission's authority to require jurisdictional utilities to adopt reasonable rules - all of which is contrary to the letter and spirit of Chapter 278 KRS.

7. By imposing increasingly onerous and unreasonable conditions on RWC's application, WOU is violating "basic utility law [that] the utility must serve all who apply."

Munkeby v. County Water Company, 26 P.U.R.3d 124, 126 (Cal. PUC, 1958). See:

- The primary duty of a public utility is to serve on reasonable terms all those who desire the service it renders...The public utility is under a legal obligation to render...service...to all members of the public to whom public use and scope of operation extend who apply for such service and comply with the reasonable rules and regulations of the public utility. 64 Am.Jur.2d Public Utilities §16 p. 562.

See also:

[I]n the case of an ordinary corporation...[it] is entitled to refrain from doing business with customers unless it is otherwise bound by contract; but a utility is different. It has duties to its subscribers that go beyond that of an ordinary corporation." Sarelas v. Illinois Bell Telephone Company, 142 N.E.2d 451, 453 (Ill.App. 1963).

8. WOU has made unreasonable demands and has repeatedly imposed unreasonable conditions on RWC's application, including:

(a) That RWC waive its rights under 807 KAR §5:066 to refunds.

(b) That the rigorous standards of the Louisville Water Company ("LWC") govern the installation of RWC's lines, despite the fact that RWC has applied for service to WOU, a utility that is subject to the jurisdiction of the Commission, not to LWC; despite the fact that RWC is the owner of all lines downstream from the takepoint meter, and despite the fact that, as stated in Exhibit "C:" "WOU's responsibility should end at the takepoint meter."

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(c) That RWC pay a \$50 demand charge for a meter that will seldom, if ever, be used.

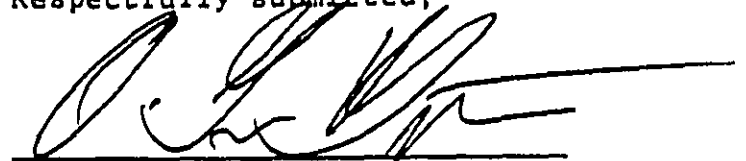
Nevertheless, because RWC's members are so anxious to secure water service and to commence construction before the onset of Winter, RWC agreed to all said conditions. But even when RWC so agreed (see Exhibit "F"), WOU continued to delay and unreasonably refused to accept RWC's application.

9. WOU's delays, evasions and escalating demands and WOU's unreasonable refusals to accept WOU's application for water service caused RWC to incur unnecessary engineering and legal expenses. The fund raised by RWC's initial assessment of its members for the construction of a private water distribution system is being depleted and dissipated.

WHEREFORE, Rose Wycombe Corporation prays that West Oldham Utilities, Inc. be ordered to accept, forthwith, RWC's application for service by executing the "Water Supply Contract" drafted by its own counsel. RWC further demands that a hearing be held pursuant to KRS 278.260(1) to determine (a) which, if any, of the conditions imposed by WOU on RWC's application for service are unreasonable, (b) whether WOU has acted unreasonably, and, if so, (c) the extent of the

unnecessary expense RWC has incurred (including legal expense).
RWC further prays that the Commission order WOU to refund to
RWC any amounts determined under (c), supra out of rates that
will be paid to WOU once water service to RWC has begun.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'O. Grant Bruton', is written over a horizontal line.

O. Grant Bruton

of

Middleton & Reutlinger
2500 Brown & Williamson Tower
Louisville, Kentucky 40202
Telephone (502) 584-1135
Counsel for Complainant
Rose Wycombe Corporation



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENCKE LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 566-1460

July 20, 1992

Mr. William J. Waddell, M.D.
Rose Wycombe Corporation
6604 Gunpowder Lane
Prospect, Kentucky 40059

Dear Mr. Waddell:

This is in response to your July 13, 1992 letter seeking Commission approval for a connection, through a Master Meter of a distribution line to Rose Wycombe Development (RWD) and that such development by RWD be declared non-jurisdictional.

In your letter, you represent that:

- A Home Owners Association for Rose Wycombe Subdivision has been organized and incorporated as a non-stock, non-profit corporation and named Rose Wycombe Corporation.
- The Rose Wycombe Corporation will acquire, construct, manage, and maintain property and facilities for the rendering of utility service to its members.
- The Rose Wycombe Corporation is restricted by its Bylaws to the property owners in the Rose Wycombe Subdivision who have made a capital contribution.
- New membership can be established by acquiring a lot or all of the real property of the owners of an existing membership and upon payment of initiation or other fees or assessments as may be required by the Board of Directors.
- Rose Wycombe Corporation has been granted approval from the Louisville Water Company and West Oldham Utilities that water will be sold through a Master Meter to this development.
- Rose Wycombe Corporation will be solely responsible for the installation, ownership and maintenance of this private water distribution system.

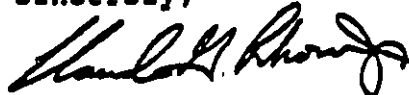
Mr. William J. Waddell
July 20, 1992
Page Two

Based upon these representations, the Commission Staff agrees that Rose Wycombe Corporation is not a utility within the meaning of KRS 278.010(f) as it will not be operating a distribution system "for the public" or "for compensation." Accordingly, Rose Wycombe Corporation would not fall under the Public Service Commission's jurisdiction. However, if the circumstances related in your letter change (for example, the Home Owners Association attempts to serve non-members) Rose Wycombe Corporation may then fall within the Public Service Commission's jurisdiction.

Furthermore, since Rose Wycombe Corporation is not within the Commission's jurisdiction, Commission approval for construction of the distribution system is not necessary.

If you have any questions, please contact Phyllis Bruning at (502) 564-3940.

Sincerely,



Claude G. Rhorer, Jr.
Acting Executive Director

fb

MEMORANDUM OF UNDERSTANDING

West Oldham Utilities ("WOU") and Rose Wycomb Corporation ("RWC") have agreed to the following non-binding guidelines for provision of water service to RWC and its members -- conditioned upon engineering feasibility, and favorable rulings from the Public Service Commission and the Louisville Water Co.:

- 1) RWC would be the customer of WOU; RWC would receive water at an agreed-upon take point, with appropriate meters and bypass lines.
- 2) The members of RWC would have their own meters and would be sent a statement of their share of RWC's obligation. At 6-month intervals (or more frequently if there is a major water loss) RWC would pay WOU any difference, and then seek reimbursement from its members.
- 3) RWC would make its own provisions for maintenance.
- 4) The size of pipes to be built beyond the meter and other construction specifications are those that the Louisville Water Co. requires in order to serve the existing members or RWC.

This October 21, 1991.

WEST OLDHAM UTILITIES

By: 
President

Counsel: 

ROSE WYCOMB CORPORATION

By: 

Counsel: 

GREENEBAUM TREITZ BROWN & MARSHALL

A PARTNERSHIP INCLUDING PROFESSIONAL SERVICE CORPORATIONS

JOHN S. GREENEBAUM*
 WILLIAM W. STODGHILL
 JAMES BROWN
 JOHN G. CARROLL
 RANDOLPH NOE
 JAMES C. LANSHE
 JOHN G. TREITZ, JR.
 SAMUEL D. HINKLE IV
 DAVID B. MARSHALL
 GLENN A. PRICE, JR.
 GARY D. PHILLIPS
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 SCHUYLER J. OLT
 L. JUDE CLARK, JR.
 LYNN H. WANDERLIN
 JOHN K. DOLL
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CULVER V. HALLIDAY
 MICHAEL F. LAWRENCE
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2700 FIRST NATIONAL TOWER
 101 SOUTH FIFTH STREET
 LOUISVILLE, KENTUCKY 40202-3174
 (502) 589-4100
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BART A. BROWN 1904-1978†
 WILLIAM A. YOUNG 1916-1986†

*A PROFESSIONAL SERVICE CORPORATION
 **CORYDON, INDIANA
 ***WASHINGTON, D. C.
 ****PEOPLES REPUBLIC OF CHINA
 †NOT ADMITTED IN KENTUCKY

December 19, 1991

O. Grant Bruton, Esq.
 Middleton & Reutlinger
 2500 Brown & Williamson Tower
 Louisville, Kentucky 40202-3410

RE: Proposed Agreement Between Rose Wycombe Corporation and West
 Oldham Utilities

Dear Grant:

This letter is written in response to your letter dated November 27, 1991 outlining the proposed agreement between Rose Wycombe Corporation ("RWC") and West Oldham Utilities, Inc. ("WOU").

WOU will agree to the terms as set forth in your letter with two exceptions and upon the inclusion of the clarifications set forth below. The two exceptions relate to your paragraphs 4 and 5. With respect to paragraph 4, RWC will pay WOU for water use as reflected at the takepoint meter. With respect to paragraph 5, according to WOU's accounting department, WOU's computer program will not generate statements for the individual members of RWC and since it is a small company it does not have the staff to individually make the calculations. Thus, WOU believes that its responsibility should end at the takepoint meter. We suggest that RWC hire someone to read the individual meters and make the calculations for RWC. The expense to RWC should not be great.

The clarifications relate to matters which have been previously discussed and continue to be important to WOU. They are as follows:

1. All water lines, meters and related facilities, the easements, licenses and permits to install such lines and facilities, and the operation of the RWC system must be approved in advance by the Louisville Water Company ("LWC").

2. The operation of the RWC system cannot adversely affect the WOU system. In connection with this point, as we have discussed, RWC will not be able to place fire hydrants below certain elevations.

O. Grant Bruton, Esq.

December 19, 1991

Page -2-

3. RWC and its members will waive any claim it and they may have to a 50-foot extension or any refunds for the cost of extension of the water lines under Section 12 of 807 KAR 5:066 or any other law or regulation.

4. The meter to be installed at the "takepoint" would meet LWC specifications and would allow for and read "fire protection" and "break" flows as well as normal domestic use flows.

5. RWC (or its members) would bear all costs (including maintenance) of the takepoint meter as well as all of the individual residential meters.

6. Neither RWC nor its members (with the exception of the initial purchase of water by the members of RWC for use at their residences) may resell the water purchased from WOU.

7. RWC shall abide by all regulations and tariffs of WOU.

8. The agreement, the RWC water system, and all related matters must have been approved by the Public Service Commission of Kentucky ("PSC"), the Kentucky Division of Water, and all other government or regulatory agencies from which approval is required. All expenses related to these approvals shall be borne by RWC.

In furtherance of the resolution of this matter with LWC, we have recently spoken with Greg Heitzman. He said that WOU would need to request approval of the RWC arrangement pursuant to WOU's contract with LWC and include in the request the name, title, and telephone number of an individual at each approving government agency with whom he may speak. When he has satisfied himself as to approvals of such agencies, Mr. Heitzman said he would present the arrangement to LWC's President for approval. He said that the request and information must come from WOU. If you will provide us with the information, we will make the request and send the materials to LWC.

Sincerely,

John G. Treitz, Jr.

JGT/jlh
lw1986

WATER SUPPLY CONTRACT

THIS AGREEMENT, made and entered into as of this _____ day of August, 1992, by and between WEST OLDHAM UTILITIES, INC. ("WOU"), 902 DuPont Road, Suite 100, Louisville, Kentucky 40207, and ROSE WYCOMBE CORPORATION ("RWC"), 6604 Gunpowder Lane, Prospect, Kentucky 40059;

WITNESSETH:

WHEREAS, WOU, a Kentucky corporation, is a public utility which provides water service to the public for compensation and which is subject to the jurisdiction of the PUBLIC SERVICE COMMISSION OF KENTUCKY, and

WHEREAS, RWC, a Kentucky corporation organized under Chapter 273 KRS, is a non-stock, non-profit corporation, whose membership is limited to property owners in the Rose Wycombe Subdivision near Prospect, in Oldham County, Kentucky, and

WHEREAS, by letter dated July 20, 1992, the Public Service Commission of Kentucky issued a finding that RWC is not a utility within the meaning of KRS 278.010(f) and is not subject to the Commission's jurisdiction,

NOW, THEREFORE, RWC hereby applies to WOU for water service, and WOU hereby accepts said application under the following terms and conditions:

1. RWC will purchase water from WOU at an agreed-upon takepoint at which a meter of agreed-upon specifications will be installed. RWC will bear all costs (including repair, maintenance, and replacement from time to time) of the takepoint meter, as well as the costs of installing the necessary water line from the current water line of WOU (as located on the map attached hereto as Exhibit "A", and incorporated herein) to the said meter. Thereafter, WOU will own the meter and vault assembly for which RWC will retain the maintenance obligations and also, WOU will own and be responsible for the maintenance of the water line prior to its connection with the meter. Further, said compound or combination meter will allow for and read "fire protection" and "break" flows as well as normal flows for domestic use. In addition, RWC will install a back-flow preventer device approved by the Louisville Water

Company ("LWC") between WOU's main water line and the RWC takepoint meter, and will install shut-off valves on both sides of the said meter. Further, RWC will grant, or cause the appropriate third party to grant, to WOU the requisite ingress, egress and maintenance easements which will permit WOU to read, inspect and monitor the said meter and vault assembly as well as inspect, maintain and repair any WOU water line connecting to the RWC takepoint meter not otherwise located in a public right-of-way. With regard to the takepoint meter, the vault assembly and the water lines connecting said meter to the WOU system, RWC will deliver to WOU any necessary bills of sale or other instruments required to convey title thereto.

2. RWC will make water service available to its members. RWC, at its expense, will construct facilities downstream from the takepoint meter which will enable RWC's members to receive water service at their properties. Residential meters will be installed by RWC at the expense of RWC or its members. RWC or its members will be responsible for the operation and maintenance of all water distribution facilities (including replacement of meters) downstream from the takepoint meter.

3. (a) RWC will be responsible for all water use and distribution beyond the takepoint meter and will make its own arrangements for apportioning the cost among its members. RWC will be responsible for reading its members' residential meters and for receiving reimbursement or payment from its members. Failure of a member to pay the member's share of RWC's obligation to WOU will not diminish RWC's obligation to WOU. RWC will not resell water to any person, firm or corporation not a member of RWC; nor will RWC increase the geographical area it serves beyond the area currently envisioned, as set forth on the map attached hereto as Exhibit A and incorporated herein. Water usage by RWC shall be monitored by WOU at the takepoint meter unless a breakdown thereof occurs in which event the parties agree to negotiate a reasonable estimate of water usage based upon other available data, information and professional estimates. RWC and the members thereof have

executed the By-laws of RWC (herein referred to as the "By-laws" and attached hereto as Exhibit B and incorporated herein) which provide that RWC shall have the right to assess its members for all sums necessary to pay for all water used by the RWC system. Further, RWC agrees not to amend or change the By-laws or any other agreements, deeds or instruments in any way which would adversely affect the rights of WOU with regard to such matters.

(b) WOU shall have received the opinion of counsel for RWC, to the effect that:

(i) RWC is a corporation, duly organized, validly existing under and governed by the laws of the Commonwealth of Kentucky and has full power and authority and is qualified to carry on the water distribution enterprise and to own or lease the properties relating thereto in the places where such enterprise will be conducted.

(ii) This Agreement, the By-laws referred to herein, and the transactions contemplated hereby have been duly authorized by all necessary action of RWC and the members thereof, and this Agreement and the By-laws referred to herein have been duly executed and delivered by RWC and the members thereof and are valid and enforceable against it and the members thereof in accordance with their terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors.

4. RWC will not construct its water distribution system, including the placement of any fire hydrants, so as to adversely affect the WOU system, and further, will construct said system in the manner set forth in the "Proposal" as amended and clarified by the Letter from the Division of Water, both of which are attached hereto as Exhibit C and Exhibit D, respectively, and incorporated herein. All water lines, meters and related facilities, the easements, licenses and permits to install same, and the operation of the RWC system must be approved in advance by the Louisville Water Company ("LWC").

5. RWC and its members hereby waive any claim it or they may have to a 50-foot water line extension or to any refunds for the cost of extending water lines pursuant to 807 KAR §5:066(12), or any other regulation, rule or law, including rules or tariffs of WOU.

6. RWC will abide by all tariffs, rules and regulations of WOU that are not contrary to the express terms of this contract.

7. After the construction of the RWC system, RWC will provide LWC and WOU with "as built" plans of the RWC water system, including maps locating the water lines.

8. This Agreement will be submitted by RWC on behalf of WOU to the Public Service Commission of Kentucky for its approval. At any time hereafter that it is determined by any other agency of government that any further permits, or approvals for this Agreement or any of the transactions contemplated thereby are required, it shall be the responsibility of RWC to obtain same.

9. Pursuant to the Letter of the LWC dated June 2, 1992, RWC shall obtain the approval from the North Oldham Fire District referred to therein prior to the construction of RWC's system or fulfill this requirement of LWC in such fashion to cause LWC to waive said approval. This shall be a condition precedent to WOU's obligations to provide any water to RWC hereunder.

IN TESTIMONY WHEREOF, the parties hereto, by their duly authorized officers, have executed this instrument.

WEST OLDHAM UTILITIES, INC.

ROSE WYCOMBE CORPORATION

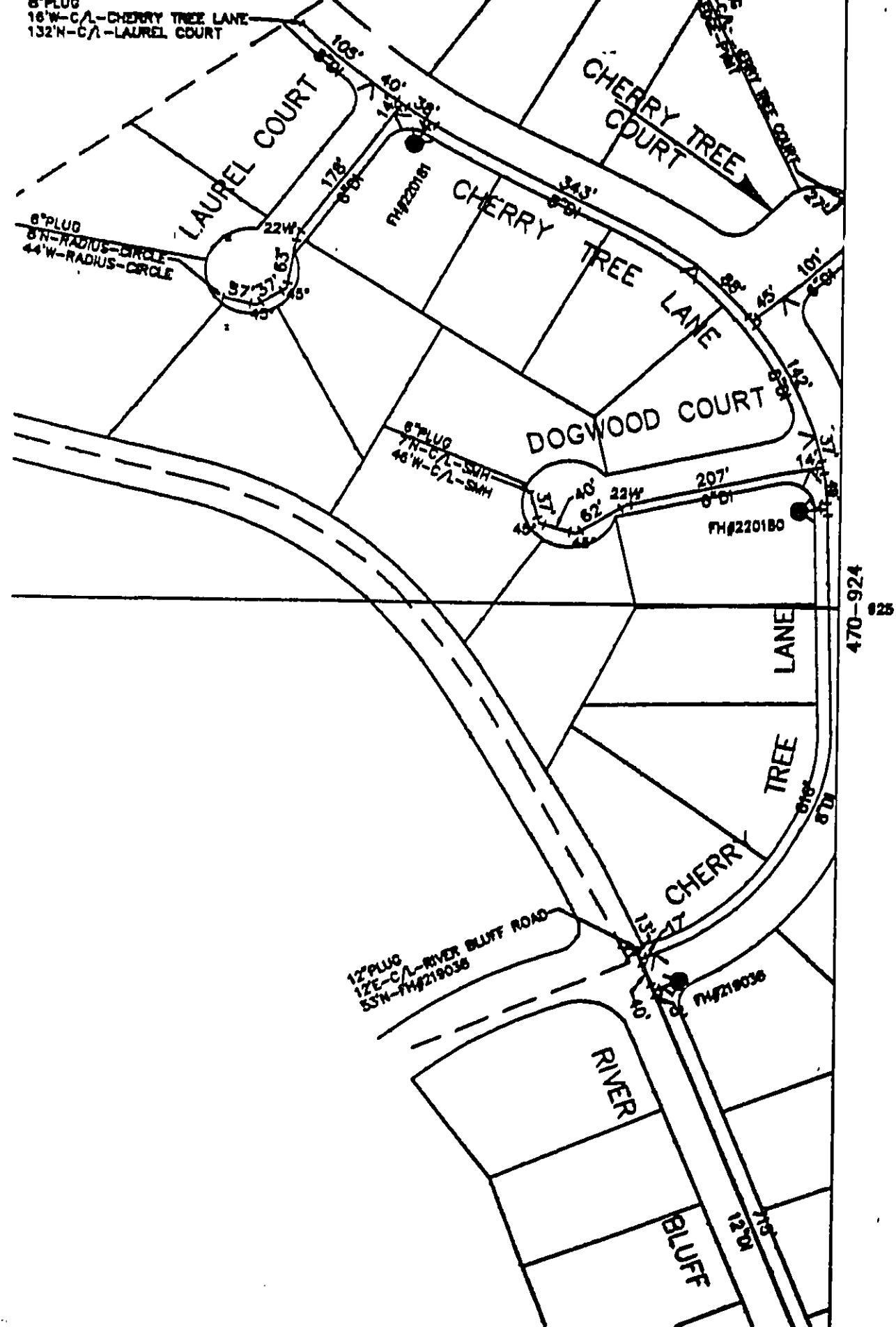
By: _____
Wayne H. Wells
President

By: _____
William J. Waddell
President

Date signed: _____

Date signed: _____

JGT:we\1253



GREENEBAUM TREITZ BROWN & MARSHALL, P. S. C.

JOHN S. GREENEBAUM
WILLIAM W. STODOLILL
JAMES BROWN
JOHN S. CARROLL
RANDOLPH NOE
JOHN G. TREITZ, JR.
SAMUEL D. MINNIE IV
DAVID B. MARSHALL
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SCHUYLER J. OLT
L. JUDE CLARK, JR.
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JOHN K. DOLL
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LEA PAULEY GOFF
NORMAN W. GRAHAM
THOMAS D. MURPHY II
CYNTHIA L. DE REAMER
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LEONARD A. FINK**
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BART A. BROWN (1904-1978)
WILLIAM A. YOUNG (1916-1986)

* CORYDON, INDIANA

** WASHINGTON, D. C.

*** PEOPLES REPUBLIC OF CHINA
† NOT ADMITTED IN KENTUCKY

August 26, 1992

HAND DELIVERED

O. Grant Bruton, Esq.
MIDDLETON & REUTLINGER
2500 Brown & Williamson Tower
Louisville, Kentucky 40202-3410

RE: Water Supply Agreement Between Rose Wycombe Corporation ("RWC")
and West Oldham Utilities, Inc. ("WOU")

Dear Grant:

Enclosed herewith please find a copy of the changes I have made in the Water Supply Agreement. I made my alterations after reviewing the several letters previously exchanged by WOU and RWC, reviewing Louisville Water Company's letter with Greg Heitzman, and having discussions with Jerry Wuetcher at the Public Service Commission. In an attempt to conclude the matter as quickly as possible, I am transmitting this copy to you at the same time that I am sending it to WOU. Therefore, WOU has not reviewed it, although I believe it reflects WOU's understanding. I have not included any of the exhibits except the map which locates WOU's water system at the point we believe would be the construction site for RWC.

Please let me know if you have any comments.

Sincerely,

John G. Treitz, Jr.

JGT:we/1254

Enclosure

WATER SUPPLY CONTRACT

THIS AGREEMENT, made and entered into as of this ____ day of October, 1992, by and between WEST OLDHAM UTILITIES, INC. ("WOU"), 902 DuPont Road, Suite 100, Louisville, Kentucky 40207, and ROSE WYCOMBE CORPORATION ("RWC"), 6604 Gunpowder Lane, Prospect, Kentucky 40059;

W I T N E S S E T H:

WHEREAS WOU, a Kentucky corporation, is a public utility which provides water service to the public for compensation and which is subject to the jurisdiction of the PUBLIC SERVICE COMMISSION OF KENTUCKY, and

WHEREAS RWC, a Kentucky corporation organized under Chapter 273 KRS, is a non-stock, non-profit corporation, whose membership is limited to property owners in the Rose Wycombe Subdivision near Prospect, in Oldham County, Kentucky, and

WHEREAS, by letter dated July 20, 1992, the Public Service Commission of Kentucky issued a finding that RWC is not a utility within the meaning of KRS 278.010(f) and is not subject to the Commission's jurisdiction,

NOW THEREFORE, RWC hereby applies to WOU for water service, and WOU hereby accepts said application under the following terms and conditions:

1. RWC will receive water from WOU at an agreed-upon takepoint at which a meter of agreed-upon specifications will be installed. RWC will bear all costs (including repair, maintenance, and replacement from time to time) of the takepoint meter, as well as the costs of installing the necessary water line from the current water line of WOU (as located on the map attached hereto as Exhibit "A", and incorporated herein) to the said meter. Thereafter, WOU will own the meter and vault assembly for which RWC will retain the maintenance obligations and also, WOU will own and be responsible for the maintenance of the water line prior to its connection with the meter. Further, said compound or combination meter will allow for and read "fire protection" and "break" flows as well as normal flows for domestic use. In addition, RWC will install a back-flow preventer device approved by the Louisville Water Company ("LWC") between WOU's main water line and the RWC takepoint meter, and will install shut-off valves on both sides of the said meter. Further, RWC will grant, or cause the appropriate third party to grant, to WOU the requisite ingress, egress and maintenance easements which will permit WOU to read, inspect and monitor the said meter and vault assembly as well as inspect, maintain and repair any WOU water line connecting to the RWC takepoint meter not otherwise located in a public right-of-way. With regard to the takepoint meter, the vault assembly and the water lines connecting said meter to the WOU system, RWC will deliver to WOU any necessary bills of sale or other instruments required

to convey title thereto. RWC and WOU shall jointly approve the location of the take-point meter and water lines connecting such meter with the currently existing system of WOU.

2. RWC will make water service available to its members. RWC, at its expense, will construct facilities downstream from the takepoint meter which will enable RWC's members to receive water service at their properties. Residential meters will be installed by RWC at the expense of RWC or its members. RWC or its members will be responsible for the operation and maintenance of all water distribution facilities (including replacement of meters) downstream from the takepoint meter.

3. (a) RWC will be responsible for all water use and distribution beyond the takepoint meter and will make its own arrangements for apportioning the cost among its members. RWC will be responsible for reading its members' residential meters and for receiving reimbursement or payment from its members. Failure of a member to pay the member's share of RWC's obligation to WOU will not diminish RWC's obligation to WOU. RWC will not resell water to any person, firm or corporation not a member of RWC; nor will RWC increase the geographical area it serves beyond the area currently envisioned, as set forth on the Plat recorded in Plat Book 3, page 60, of the Oldham County Clerk's office. Water usage by RWC shall be monitored by WOU at the takepoint meter unless a breakdown thereof occurs in which event the parties agree to

negotiate a reasonable estimate of water usage based upon other available data, information and professional estimates. RWC and the members thereof have executed the By-laws of RWC (herein referred to as the "By-laws" and attached hereto as Exhibit B and incorporated herein) which provide that RWC shall have the right to assess its members for all sums necessary to pay for all water used by the RWC system. Further, RWC agrees not to amend or change the By-laws or any other agreements, deeds or instruments in any way which would adversely affect the rights of WOU with regard to such matters.

(b) WOU shall have received the opinion of counsel for RWC, to the effect that:

(i) RWC is a corporation, duly organized, validly existing under and governed by the laws of the Commonwealth of Kentucky and has full power and authority and is qualified to carry on the water distribution enterprise and to own or lease the properties relating thereto in the places where such enterprise will be conducted.

(ii) This Agreement, the By-laws referred to herein, and the transactions contemplated hereby have been duly authorized by all necessary action of RWC and the members thereof, and this Agreement and the By-laws referred to herein have been duly executed and delivered by RWC and the members thereof and are valid and enforceable against it and the members thereof in accordance with their terms, subject to laws

of general application relating to bankruptcy, insolvency and the relief of debtors.

4. RWC will not construct its water distribution system, including the placement of any fire hydrants, so as to adversely affect the WOU system, and further, will construct said system in the manner set forth in the "Proposal" as amended and clarified by the Letter from the Division of Water, both of which are attached hereto as Exhibit C and Exhibit D, respectively, and incorporated herein. All water lines, meters and related facilities, the easements, licenses and permits to install same, and the operation of the RWC system must be approved in advance by the Louisville Water Company ("LWC").

5. RWC and its members hereby waive any claim it or they may have to a 50-foot water line extension or to any refunds for the cost of extending water lines pursuant to 807 KAR §5:066(12), or any other regulation, rule or law, including rules or tariffs of WOU.

6. RWC will abide by all tariffs, rules and regulations of WOU that are not contrary to the express terms of this contract.

7. After the construction of the RWC system, RWC will provide LWC and WOU with "as built" plans of the RWC water system, including maps locating the water lines.

8. This Agreement will be submitted by RWC on behalf of WOU to the Public Service Commission of Kentucky for its approval. At any time hereafter that it is determined by any other agency of government that any further permits, or approvals for this Agreement or any of the transactions contemplated thereby are required, it shall be the responsibility of RWC to obtain same.

9. Pursuant to the Letter of the LWC dated June 2, 1992, RWC shall obtain the approval from the North Oldham Fire District referred to therein prior to the construction of RWC's system or fulfill this requirement of LWC in such fashion to cause LWC to waive said approval. This shall be a condition precedent to WOU's obligations to provide any water to RWC hereunder.

IN TESTIMONY WHEREOF, the parties hereto, by their duly authorized officers, have executed this instrument.

WEST OLDHAM UTILITIES, INC.

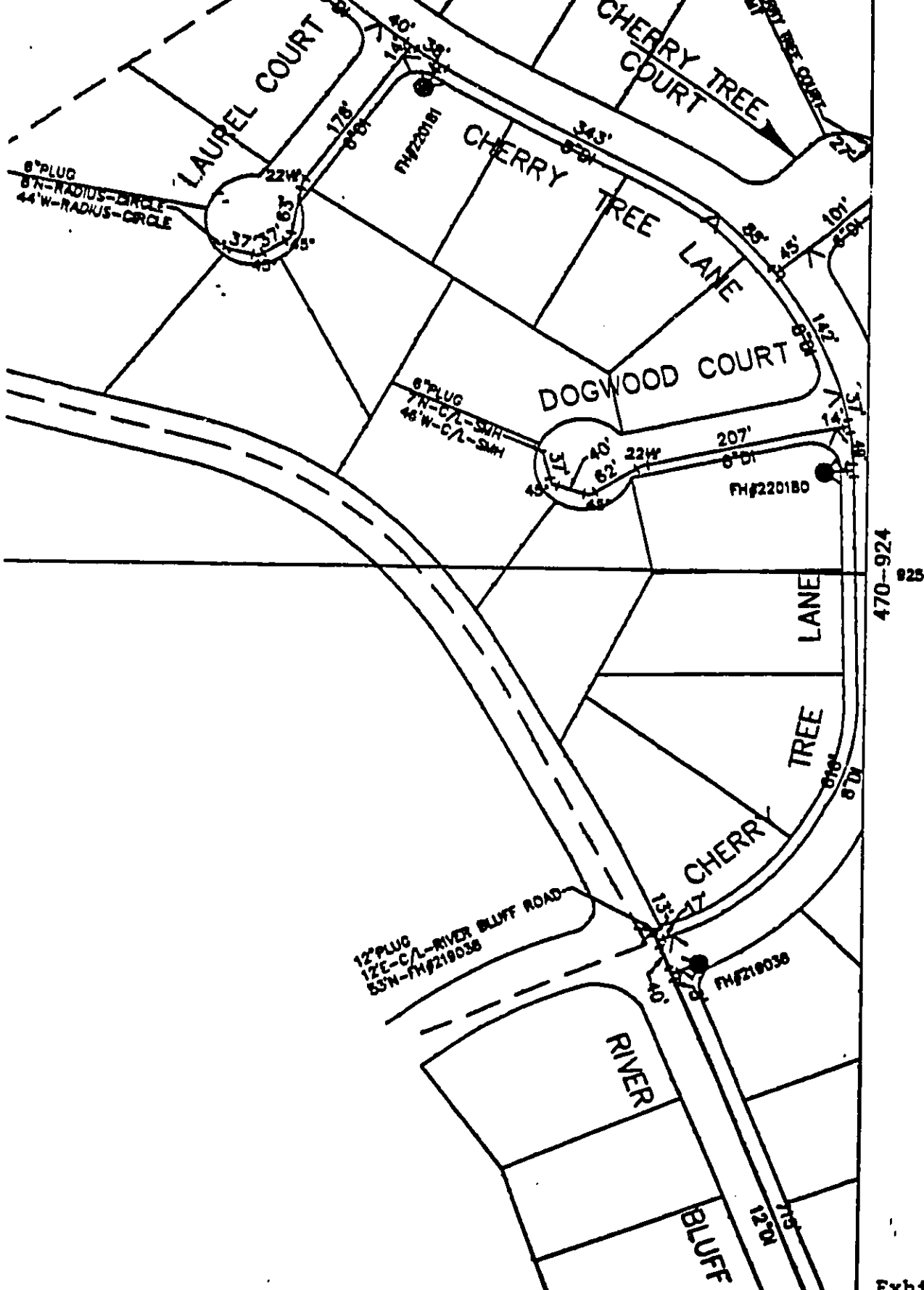
ROSE WYCOMBE CORPORATION

By: _____
Wayne H. Wells
President

By: _____
William J. Waddell
President

Date signed: _____

Date signed: _____



470-924

825

BYLAWS
OF
ROSE WYCOMBE CORPORATION

ARTICLE I

Offices

The principal office of the Corporation shall be located at 2500 Brown & Williamson Tower, Louisville, Kentucky 40202. The Corporation may have other offices, either within or without the state, as the Board of Directors may from time to time require or specify.

ARTICLE II

Members

Section 1. Private Membership. The members of the Corporation shall be the property owners in the Rose Wycombe Subdivision in Oldham County, Kentucky. The owner or co-owners of each lot in the aforesaid subdivision who have made capital contributions to the Corporation in agreed amounts, shall be entitled to one (1) membership per each contribution. Each membership shall entitle the owner or owners of the membership to name one (1) director to the Board of Directors of the Corporation.

Section 2. Meetings. Annual meetings of the members shall be held in October of each year, concurrent with the annual meeting of the Board of Directors, or at such time and place as designated in the notice thereof. The primary purpose

of the annual meeting shall be to elect the directors for the upcoming year.

Section 3. Entitlements and Conditions. Each membership in the Corporation shall entitle the owner or co-owners of said membership to receive water and other utility services at one (1) location at one (1) lot in the aforesaid subdivision from, through, or in connection with facilities or property owned by the Corporation, provided that in no event, shall the Corporation be obligated to provide service to non-members or the general public. Members shall also be entitled to the benefits of other common activities undertaken by the Corporation for the purpose of enhancing or maintaining the subdivision. No person who is not a property owner shall be entitled to receive utility service at the property owned by said person and no person shall be entitled to receive utility service unless said person has acquired a membership in the Corporation.

Section 4. New Members. If a person or persons acquire the lot or all of the real property of the owner or owners of an existing membership, and if said person(s) do not require additional utility service hookups, said new owner(s) shall acquire ownership of a membership upon their acquisition of the lot or real property, and the new lot or property owner(s) shall become member(s) of the Corporation upon submission of an application and upon payment of initiation or other fees or assessments as may be required by the Board of

all of the lot or real property of the owner or owners of an existing membership or if said person(s) require additional utility service hookup(s), then said new prospective member(s) shall make application for membership to the Board of Directors and shall make a capital contribution to the Corporation in an amount to be determined by the Board of Directors. If a person attempts to receive utility service without having made application for membership without having paid the contribution, fee or assessment required by this section, then, upon reasonable notice to said party, the Corporation may cause utility service to be discontinued to the lot or property.

Section 5. Sale. Nothing in these bylaws shall be deemed to restrict in any way any member in the sale, transfer or subdivision of members' property, if said sale, transfer or subdivision otherwise is in accordance with applicable laws, including laws relating to the transfer of real property and land use laws.

ARTICLE III

Directors

Section 1. General Powers. The business and affairs of the Corporation shall be managed by its Board of Directors, who shall have all necessary power as provided under KRS 273.171 and Kentucky law.

Section 2. Number, Tenure and Qualifications. The number of Directors of the Corporation shall be equal to the number of memberships, but no less than three (3), however the number of Directors may be increased or decreased by amendment of these Bylaws as provided herein. Directors shall hold office for one (1) year or until they resign, are removed from office, or dispose of the property which qualified them to be members of the Corporation. The qualification of members and directors may be determined at annual meetings or at special meetings called for that purpose.

Section 3. Annual Meetings. The annual meeting of the membership and of the Board of Directors shall be held with notice each October, beginning with the year 1991. The Board of Directors may otherwise provide, by resolution, the time and place, either within or without the Commonwealth of Kentucky, for the holding of the annual meeting or additional meetings.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or at least two (2) directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the Commonwealth of Kentucky, as the place for holding any special meeting of the Board of Directors called by them.

Section 5. Notice. Notice of any annual or special meeting shall be given at least five (5) days prior thereto by

written notices delivered personally, by facsimile or mailed to each director at his home or business address. Such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. Notice of a meeting may be given by telephone, provided that prior to the meeting, or at the outset thereof, a waiver of notice shall be signed by the affected person. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is now lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Quorum. Fifty one percent (51%) or more of the number of directors in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The directors present at a duly organized meeting at which a quorum was determined to be present may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 7. Voting. The act of a majority of all the directors in office taken at a duly organized meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Compensation. No director shall receive compensation for his services as director; however, any expenses incurred by any director by reason of his duties or responsibilities as such may be paid by the Corporation; provided, that nothing contained herein shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 9. Committees. The Board of Directors shall have authority to establish such committees as it may consider necessary or convenient for the conduct of its business. The Board of Directors may establish an executive committee in accordance with and subject to the restrictions set out in the statutes of the Commonwealth of Kentucky.

Section 10. Informal Action. Any action required or permitted to be taken at a meeting of the Board of Directors or of a committee, may be taken without a meeting if a consent, in writing, setting forth the action so taken shall be signed by all of the directors, or all members of the committee, as the case may be, and included in minutes or filed with the corporate records. Such consent shall have the same effect as a unanimous vote.

Section 11. Special Powers. The Board of Directors:

(a) Shall review and authorize applications for additional utility services;

(b) May assess and collect from members initiation fees, assessments and additional capital contributions needed for expenses or losses incurred in connection with the provision of utility services by or through the Corporation;

(c) May refund to members such amounts as the Board of Directors deems proper from said member's capital contributions, provided, however, that no part of any net revenues shall inure to the benefit of any member, but the members may receive payments, reductions or enhancements from exempt function income as defined in Treasury Regulation § 1.528-9, including, but not limited to, assessments or capital contributions made for the purposes of:

- (1) paying the principal and interest on debts incurred for the acquisition of association property;
- (2) paying real estate taxes on association property;
- (3) maintaining association property;
- (4) removing snow from public areas; and
- (5) removing trash or recyclable materials.

(d) May impose appropriate penalties, including, without limitation, the discontinuance of water service, on those members or property owners who should be members or those members whose wrongful acts, negligence or failure to make timely payments of amounts lawfully due causes hardship, prejudice or a disproportionate burden on other members; and

(e) May adopt rules and regulations relating to the relationship of the Corporation, its members, directors and officers to each other, including the provisions of utility services.

ARTICLE IV

Officers

Section 1. General. The officers of the Corporation shall be a President, one or more Vice Presidents (who shall be ranked as "First", "Second", "Third", etc. Vice President), a Treasurer and a Secretary, and such other officers as the Board of Directors may determine and with such duties as may be fixed by the Board of Directors. Any two or more offices, with the exception of the office of the President and Secretary, may be held by the same person. An officer of the Corporation need not be a director of the Corporation, but all officers shall be owners, co-owners or representatives of corporate owners of property in Rose Wycombe Subdivision.

Section 2. Election and Term of Office. After the initial election, all officers of the Corporation shall be elected annually by the Board of Directors at its annual meeting. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as possible. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly

elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Corporation would be served thereby.

Section 4. President. The President shall preside at all meetings of the Board of Directors, shall be responsible for the functions of management and supervision of the Corporation's affairs, and shall have such other duties as may be assigned by the Board of Directors.

Section 5. Vice Presidents. In the absence of the President or in the event of his inability or refusal to act, Vice President, in accordance with their rank, shall perform all the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. A Vice President shall perform such other duties as from time to time may be assigned by the President or the Board of Directors.

Section 6. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the

Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions as shall be selected in accordance with the provisions of these Bylaws; (b) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Section 7. Secretary. The Secretary shall: (a) keep the minutes of the Board of Directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records; and (d) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Section 8. Compensation. No officer shall receive compensation for his services as officer; however, any expenses incurred by any officer by reason of his duties or responsibilities as such may be paid by the Corporation; provided, that nothing contained herein shall be construed to preclude any officer from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE V

Committees

Section 1. Executive Committee. Upon resolution of the Board of Directors, an Executive Committee shall consist of

the current officers and shall have the authority to act between meetings and shall consult with the directors on an as-needed basis and except as provided herein shall have and exercise the authority of the Board of Directors, not inconsistent with Kentucky law.

Section 2. Other Committees. The Board of Directors, by resolution, may designate and create one or more committees. The Committees shall operate under such rules and procedures as may be established by the Board of Directors; however, any actions taken or determinations made by such Committees shall be subject to review and approval by the Board of Directors.

ARTICLE VI

Contracts, Loans, Checks, Deposits and Real Estate

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instruments in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances.

Section 2. Loans. By resolution a majority of the Board of Directors, loans may be contracted on behalf of the Corporation. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evi-

dences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents, of the Corporation and in such manner as shall, from time to time, be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select. A reserve fund may be held to cover operating expenses and other contingencies. The Board shall be authorized to distribute to its members any reductions in, or savings achieved with reference to the members' initial capital contributions.

Section 5. Real Estate. The Corporation may own or lease real estate in its own name and may sell, divide, subdivide, or lease same, or otherwise carry out all other transactions authorized by Kentucky law.

ARTICLE VII

Agents, Employees, Consultants

Professional Services

Persons or firms may from time to time be engaged or employed to assist the Corporation in carrying out its purposes.

ARTICLE VIII

Fiscal Year

The fiscal year of the Corporation shall be the calendar year beginning on the first (1st) day of January in each year and ending on the thirty-first (31st) day of December.

ARTICLE IX

Waiver of Notice

Whenever any notice is required to be given to any director of the Corporation or other person under the provisions of these Bylaws or under the laws of Kentucky, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE X

Indemnification

Any director or officer or a former director or officer of the Corporation shall be indemnified by the Corporation against expenses actually and reasonably incurred in connection with the defense of any action, suit or proceeding, civil or criminal, in which such director or officer is made a part by reason of being or having been such director or officer, except in relation to matters as to which such director or officer shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the

performance of, such director's duty to the Corporation and against any other expenses as authorized by resolution of the Board of Directors.

ARTICLE XI

Amendments

These Bylaws may be altered, amended or repealed and new Bylaws adopted by the affirmative vote of a majority of the directors of the Corporation then holding office at any annual meeting or at any special meeting called for the purpose of alteration, amendment, repeal or adoption of these Bylaws.

CERTIFICATE

I hereby certify that the Bylaws heretofore are the duly adopted Bylaws of Rose Wycombe Corporation, a Kentucky Not-For-Profit Corporation.

Executed this 11th day of October, 1991.

/s/ William J. Waddell
President

Attest: /s/ Carolyn Marlowe
Secretary

PROPOSAL FOR A WATER SYSTEM FOR ROSE WYCOMBE SUBDIVISION

**Submitted for approval to Louisville Water Company,
Public Service Commission of Kentucky,
and Kentucky Division of Water.**

BACKGROUND:

Rose Wycombe is a residential subdivision recorded at the Oldham County Courthouse in LaGrange. It consists of nine residential lots on a dead end road that runs off of Rose Island Road in northwestern Oldham County. The owners of the lots in the subdivision are desirous of obtaining municipal water service and have formed a nonstock, non-profit corporation (Rose Wycombe Corporation; RWC) under Chapter 273 KRS, whose membership is restricted to "the property owners in The Rose Wycombe Subdivision." RWC has been in negotiation with West Oldham Utilities (WOU) which is a public utility in Oldham County. WOU buys water from the Louisville Water Company (LWC) and distributes the water for use by customers in this area of Oldham County.

PROPOSED AGREEMENT:

After some months of negotiation, RWC and WOU have come to a tentative agreement, the essential elements of which are as follows:

1. RWC is the customer and would receive water from WOU through a meter at the corner of River Bluff Road and Cherry Tree Lane in the River Bluff Subdivision in Oldham County.
2. RWC, at its expense, would construct facilities downstream from its meter which would enable its members to receive water service at their properties for domestic residential use. None of this water would be for resale to any other customers. RWC would acquire all the easements, licenses and permits required.
3. RWC would bear or enjoy all the risks and benefits of ownership of the aforesaid facilities; it would maintain and repair its own facilities and would be responsible for all water consumed beyond the meter at the takepoint, this would include all losses caused by main breaks, fire-fighting, etc.
4. Residential meters would be installed at the properties of the members; RWC would be responsible for reading these members' meters and for apportioning the total due WOU among its members. Failure of a member to pay the member's share of RWC's obligation to WOU would not diminish RWC's obligation to WOU.
5. RWC has adopted bylaws that enable RWC to take the proper steps in the event any member's delinquency has the effect of increasing the burden on other members, including discontinuance of service. RWC's bylaws also provide for assessment of members.
6. All water lines, meters and related facilities, the easements, licenses and permits to install such lines and facilities, and the operation of the RWC system must be approved in advance by the LWC.

PROPOSAL FOR RWC WATER SYSTEM

Page two

7. The operation of the RWC system will not adversely affect the WOU system. In connection with this point, RWC will not place a fire hydrant below 580' elevation as already stipulated by LWC.
8. The meter at the takepoint would meet LWC specifications and would allow for and read "fire protection" and "break" flows as well as normal domestic use flows.
9. RWC shall abide by all regulations and tariffs of WOU.
10. RWC would bear all costs, including maintenance, of the takepoint meter as well as all of the individual residential meters.
11. The agreement, the RWC water system, and all related matters must have been approved by the PSC, the Kentucky Division of Water, and the LWC. All expenses related to these approvals, or those from any other governmental or regulatory agencies which should arise, shall be born by RWC.

NOTE:

This agreement has been constructed in an effort to strike a balance between IRS Notice 87-82 (Contributions In Aid Of Construction) and the criteria of the PSC as to what constitutes a "utility" whose business is the "furnishing of water to or for the public, for compensation..." KRS 278.010 (3)(d). That is, the RWC system is owned and maintained for the use of its members only; no water will be furnished to or for the public.

DESCRIPTION OF PROPOSED RWC WATER SYSTEM:

At the takepoint (River Bluff Road and Cherry Tree Lane), a "T" joint with a 6" diameter side extension will be added to the 12" diameter main in existence there. An approximately 10' length of 6" pipe will continue to the property of Mr. Henry Wallace. A compound meter consisting of one 2" meter and one 4" meter with bypass mechanism to divert water to the meter appropriate for flow demand will be installed at that point. Valves will be installed both before and after the meter.

The line will traverse approximately 2100' across a 30' easement purchased by WRC from Mr. Henry Wallace to reach the boundary of Rose Wycombe Subdivision. Three 45° (or one long 90° and one 45°) joints will be required in this 2100' path.

Once on the subdivision, two more 45° (or one long 90°) joints will be required in the next 700' before reaching fire hydrant #1; this fire hydrant will be at 608' elevation. The 6" line will continue without any additional joints for about 750' to fire hydrant #2 which will be at 580' elevation. Valves will be placed at each fire hydrant.

PROPOSAL FOR RWC WATER SYSTEM
Page three

A 2" line will tap into the main line at about 620' elevation, upstream from the fire hydrant #1, to travel about 300' to a "T" for two residential meters with valves for lots # 4 & 5.

A 2.5" line will continue from fire hydrant #2 down the hill to supply four houses on lots # 1A, 1B, 7A, & 7B, (two at about 532' elevation and two at about 495' elevation). Residential meters with valves will be connected at these points.

Backflow prevention valves will be placed between the 2" line and the 6" main at 612' elevation. Backflow prevention valves will also be placed between the residential lines for houses on lots # 2, 3 and 6 which will tap directly into the 6" main.

All lines and elbows will be PVC C-900, Class 200 material. The meter at the takepoint will meet LWC specifications. The fire hydrants will be those approved by North Oldham Fire District.

NOTE:

RWC engaged Advanced Consulting Technologies, Inc. to make the following calculations based on measurements made by Harrods Creek Fire Department on May 16, 1991 at the fire hydrant at the takepoint. The elevation at that point is 650' and the static pressure was 35 psi; opening the fire hydrant gave 853 gpm with a residual pressure of 11 psi.

Water pressure will be adequate at all residences; it will range from about 31 psi for the residence at the highest elevation (640') at the top of the hill to about 89 psi at the elevation of the lowest residences; these pressures were calculated while there is a flow of 120 gpm to a total of six residences downstream.

The flow will be 616 GPM at the fire hydrant at 608' elevation. North Oldham Fire District informs WRC that most fire hydrants in that district have about 500 GPM flow. The flow will be 636 gpm at the fire hydrant at 580' elevation.

When the fire hydrant at 580' elevation is open, there will be negative pressure in the 2" line serving the two houses on lots # 4 & 5 and on lots # 2, 3, & 6; therefore, backflow prevention valves will be needed at the locations specified.

Plats showing the route of the lines, placement of the fire hydrants, elevations, etc. are enclosed.

PHILLIP J. SHEPHERD
SECRETARY



COMMONWEALTH
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
FRANKFORT OFFICE PARK
438 REILLY ROAD
FRANKFORT, KENTUCKY 40601

Post-Net brand fax transmittal memo 7871

1 of page 1

To	BILL WARDEN	From	JOHN MILLER
Co.		Co.	
Dept.		Phone	
Fax	505-7868	Fax	

June 26, 1992

West Oldham Utilities
902 DuPont Road
Suite 100
Louisville, Kentucky 40207

RE: DW #0930551-92-001
Water Line Extension
Ross Wycombe Development
West Oldham Utilities

Dear Sirs:

This is to advise that plans and specifications covering the above referenced subject are APPROVED with respect to sanitary features of design as of this date with the following stipulations:

1. The proposed 2 1/2" line shall be changed to 3" minimum.
2. If PVC piping is used, it must be NSF approved and manufactured in accordance with ASTM standards.
3. A minimum pressure of 30 psi must be available on the discharge side of all meters.
4. Water mains shall be laid at least 10 feet horizontally from any existing or proposed sewer. The distance shall be measured edge to edge. In cases where it is not practical to maintain a 10 foot separation, this office may allow deviation on a case-by-case basis, if supported by data from the design engineer. Such deviation may allow installation of the water main closer to a sewer, provided that the water main is laid in a separate trench or on an undisturbed shelf located on one side of the sewer at such an elevation that the bottom of the water main is at least 18 inches above the top of the sewer. This deviation will not be allowed for force mains.

Water mains crossing sewers shall be laid to provide a minimum vertical distance of 18 inches between the outside of the water main and the outside of the sewer. This shall be the case where the water main is either above or below the sewer. At crossings, one full length of the water pipe shall be located so both joints will be as far from the sewer as possible. Special structural support for the water and sewer pipes may be required.

5. Upon completion of construction, disinfection shall be strictly in accordance with the procedure designated in the State Regulations, which reads as follows:

"All new water distribution systems including storage distribution tanks and repaired portions of, or all extensions to existing systems shall be thoroughly disinfected before being placed in service, by the use of chlorine or chlorine compounds in such amounts as to produce a concentration of at least fifty (50) ppm and a residual of a least twenty five (25) ppm at the end of 24 hours and followed by thorough flushing."

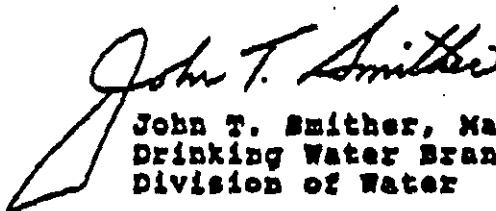
6. When this project is completed, the owner shall submit a written certification to the Division of Water that the above referenced water supply facilities have been constructed and tested in accordance with the approved plans and specifications and the above stipulations. Such certification shall be signed by a registered professional engineer.

This approval has been issued under the provisions of KRS Chapter 224 and regulations promulgated pursuant thereto. Issuance of this approval does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies.

Rose Wycombe Development
June 26, 1992
Page three

Unless construction of this project is begun within one year from the date of approval, the approval shall expire.

Sincerely,

A handwritten signature in cursive script that reads "John T. Smither". The signature is written in dark ink and is positioned above the typed name and title.

John T. Smither, Manager
Drinking Water Branch
Division of Water

JTS:SAR:lm

Enclosures

C: Miller/Wihry, Inc.
Oldham County Health Department
Public Service Commission
Louisville Regional Office
Drinking Water Files

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DENNIS D. MURRELL

*ALSO ADMITTED INDIANA
**LICENSED TO PRACTICE BEFORE
U.S. PATENT & TRADEMARK OFFICE

EDWIN G. MIDDLETON (1920-1980)
CHARLES G. MIDDLETON, JR. (1916-1988)

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September 30, 1992

Via Hand Delivery

John G. Treitz, Jr., Esq.
Greenebaum Treitz Brown & Marshall, P.S.C.
2700 First National Tower
Louisville, Kentucky 40202

RE: Rose Wycombe Corporation -
West Oldham Utilities, Inc.

Dear John:

I have heard from my clients, and I hope we are now in a position to put an end to negotiations that have gone on for more than a year. I am pleased to report that my clients will accept the "Water Supply Contract" as drafted by you. You may recall you sent me an initial draft with your letter of August 26, 1992, and, on September 1, 1992 you sent me a letter with revisions in the initial draft, made after you consulted with Wayne Wells, President of WOU. For your convenience, I have retyped your initial draft and have incorporated the September 1, 1992 revisions therein. I enclose the original and a copy thereof. With respect to paragraph 6, my clients also agree that said paragraph is to be interpreted and applied as follows: We will pay the minimum bimonthly bill for a 1 1/2" meter as set out in Part III, Section 6.02 of WOU's Tariff Sheet as approved by the Public Service Commission of Kentucky effective February 1, 1992. In addition, we will pay the rates set forth in said Tariff for water used "in excess of allowable usage of water above the minimum bimonthly bill..." as required by said section of your Tariff. Finally, and in addition, we agree to the proposal in your letter of September 24, 1992; we will pay a \$50 per month demand charge for the 4" meter installed for fire protection purposes as set out in paragraph 1 of the Water Supply Contract.

In my opinion, Dr. Waddell, as President of RWC, already has authority to execute the contract on behalf of the

Exhibit F

John G. Treitz, Jr., Esq.
September 30, 1992
Page 2

corporation, but, in view of the language you put in paragraph 3(b)(ii) of the contract, I think it prudent that your client execute a copy so you can send it to us; then we will convene a meeting in order to specifically authorize Dr. Waddell's signature thereon.

Once the contract is signed, we can file a joint petition for approval with the Public Service Commission, pursuant to 807 KAR 5:011§13. Because the PSC has already become cognizant of our plans, I anticipate no problem in securing its approval. We are fully cognizant of the fact that the PSC has the authority, pursuant to Chapter 278 KRS, to make future adjustments in tariffs and charges of WOU, a utility subject to PSC jurisdiction.

Much water has gone under the bridge (metaphor deliberately chosen) since October 21, 1991 when our clients executed the "Memorandum of Understanding" setting forth "non-binding guidelines" for provision of water service to RWC and its members, but now that Fall is again upon us, we would like to move swiftly, before the onset of another Winter. We would appreciate the prompt return of the document you drafted, with your client's signature thereon. As soon as we have it in hand, we will convene a meeting to authorize its execution on behalf of RWC.

Please let us hear from you at your earliest convenience.

Yours very truly,



O. Grant Bruton

OGB:mkh
CC: William J. Waddell, M.D.